

COMMITTEE ON EMPLOYMENT AND REGULATORY AFFAIRS

Representative Bob Robson, Chairman
Representative John Fillmore, Vice-Chairman
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* Strike-Everything Amendment
[E] Emergency Clause
[P 105] Proposition 105 Clause
[P 108] Proposition 108 Clause
[LIV] Line Item Veto

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HB 2264 – Chapter 304 [E] – ASRS; employee; employer contributions; rate

Reverses the current 53% to 47% employee and employer contribution rate for ASRS and reinstates the original 50/50 split. Instructs ASRS to return employee contributions that were paid in excess of the employer contributions from the effective date of the original change by September 30, 2013. Provides the necessary appropriations for administering the change.

HB 2283 – Chapter 40 – state employee benefits; definition

Clarifies the definition of *state employee* with regard to the judicial branch to include only those members whose salary is paid for by the state for the purposes of determining retirement benefit eligibility.

HB 2409 – Chapter 348 – PSPRS; pension buyback payments

Provides members of PSPRS, CORP, and EORP the ability to use lump sum and installment payments when purchasing pension buybacks. Permits members of the DROP program who leave prior to the commencement of their contract to receive 2% interest upon retirement if the fund realizes a rate of return greater than 2%. Any interest earned above 2% must stay with the system. If the system earns less than 2%, the officer will only receive their contribution back.

HB 2464 – Chapter 358 – state employee suggestion program; awards

Redefines the limitations on awards presented to state employees for cost saving suggestions. Modifies the award cap to no more than 10% of the amount saved as a result of the suggestion. Establishes a mechanism for the State Employee Suggestion Program Awards Fund to receive money, and permits the director of ADOA to adopt rules pertaining to awards for state employees.

HB 2571 – Chapter 321 – *state personnel system

Consolidates the current state personnel systems, establishes the transition of a majority of the state workforce to uncovered and at-will status, consolidates management of the workforce, restructures the grievance and appeal process, and updates human resources practices.

Consolidation of Personnel Systems

- The personnel systems within the Executive Branch listed below will be consolidated into one system called the State Personnel System.
 - ADOA Personnel System including 91 state agencies, boards, and commissions
 - Department of Gaming
 - AOT
 - ASRS and PSPRS
 - Governor's Office
 - SOS
- DPS will maintain a separate personnel system.

Transition to At-Will Workforce

- Beginning on September 29, 2012, the following individuals will become uncovered, at-will employees:
 - New hires.
 - Supervisors.
 - Employees employed as attorneys.
 - Employees employed in technology positions.
 - Employees in grade 19 or higher positions.
 - A covered employee who voluntarily elects to become uncovered.
 - A covered employee who voluntarily accepts a new assignment.

Law Enforcement Merit System Council (LEMSC)

- Increases LEMSC membership from three to five members with staggered terms and compensation from \$30 per day to \$100 per day.
- Modifies LEMSC's authority. Requires LEMSC to affirm the agency's decision unless the decision is determined to be arbitrary and capricious. If it finds the decision arbitrary and capricious or the agency has not proven by a preponderance of the evidence the facts, LEMSC may recommend the agency modify the disciplinary action. The agency head shall make the final decision, but must state the reasons for rejecting the recommendation of LEMSC if the decision is not accepted.

State Personnel Board (Board)

- Increases the threshold for appealing suspensions from greater than 40 to greater than 80 hours.
- Modifies the Board's authority. Requires the Board to affirm the agency's decision unless the decision was arbitrary and capricious. If it finds the decision arbitrary and capricious or the agency has not proven by a preponderance of the evidence the facts, the Board may recommend the agency modify the disciplinary action. The agency head shall make the final decision.
- Modifies the compensation of the Board members from \$30 per day to \$100 per day.

Reduction in Force

- States that retention will be based on employees' performance and not on seniority. Prohibits an agency from adopting policies that provide retention based on tenure or seniority.

Administrative Leave

- Requires agencies to report to ADOA if an employee is placed on administrative leave with pay during any investigation if the leave totals 80 hours or more. ADOA must approve administrative leaves exceeding 30 days.

Overtime/Compensatory Leave

- Except for state employees engaged in law enforcement, probation officer, and firefighting activities, eliminates the requirement for employees exempt from the Fair Labor Standards Act to receive leave for each hour worked over 40 hours per week.
- Defines the *state work week* with specific provisions for ADC.

Hiring Practices

- Requires ADOA to develop procedures and standard forms for all agencies to use to verify education and work history of applicants.

Director Term and For Cause Provisions

- Eliminates agency director terms and removal for cause provisions, with the exception of the director of DPS. Current directors with term provisions may continue to serve until the expiration of their term.
- Modifies the term of the director of DPS to serve concurrently with the appointing Governor.
- Excludes the ICA from these provisions.
- Eliminates the requirement for search committees for cabinet agency directors.

Employee Complaints

- Requires a formal process to be established by ADOA to govern harassment and discrimination complaints filed by employees.

- Increases the penalty for an employee who is found by the Board to have knowingly committed a prohibited personnel practice. The penalty includes paying a civil penalty of \$10,000, immediate dismissal, and removal from future consideration for state employment.
- Modifies the level of superior court review for whistleblower complaints from a trial de novo to a review of the administrative hearing record.

Miscellaneous

- Subject to ADOA approval and reporting requirements, allows agencies to spend monies for travel expenses associated with interviewing out-of-state candidates and relocation expenses if an out-of-state candidate is appointed.
- Requires agencies to treat employees in accordance with prescribed guiding principles unless specifically exempted.
- Permits ASRS and PSPRS, in consultation with the director of ADOA, to administer an inventive compensation plan for investment related personnel and certain other employees.
- Authorizes the reduction in state office hours to implement furloughs if necessary.

HB 2643 – Chapter 287 – *duty related injury; police officer

Requires this state, or a subdivision of this state, that employs public safety employees on a full-time basis to establish a Supplemental Benefit Plan for employees who are injured while on duty to the extent that they cannot perform the function of their position.

HB 2662 – Chapter 273 – ASRS; employees; election; enrollment

Permits state employees over the age of 60, who are not active, inactive, or retired members of ASRS to opt-out of participation. Stipulates that employees must make the election not to participate in writing within 30 days of employment, the decision to opt-out is irrevocable. Requires ASRS to provide a report to specified parties on or before December 31, 2014, outlining the actuarial and administrative impact of the change, as well as any recommendations from ASRS and employers regarding feasibility.

HB 2742 – Chapter 277 – murder; domestic violence; inheritance

Permits a decedent's estate to establish a constructive trust on the property or the estate of a person who murders the decedent in order to secure the payment of certain damages.

HB 2745 – Chapter 362 – *PSPRS; employer contributions

States that employers of a return to work employee who is required to pay into another state retirement system are not required to pay an alternate contribution rate into PSPRS. Makes changes to the ASRS statutes relating to administration, distribution, service purchases, and investments. Permits the ASRS Board to hire an investment manager who may use generally accepted and current investment tools and strategies, specific directions are provided for the management of those activities. Changes the service purchase requirement from 10 years to five years in ASRS to conform to the other retirement systems.

SB 1115 – Chapter 63 – PSPRS; investment contracts

Stipulates that loans, guarantees, investment management agreements, and investment contracts made by PSPRS must receive due diligence regarding the Arizona Sudan Act, the Arizona Iran Act, federal immigration law, and state e-verify requirements prior to their approval.

SB 1116 – Chapter 136 – PSPRS; CORP; EORP amendments

Modifies PSPRS statutes relating to qualified domestic relations orders, death benefits, local boards, credited service, and payment of pension.

- Permits the Board to enter into swap agreements to implement investment policy.
- Requires an employer to immediately notify the local board if the employer reemploys a retired member of the system.
- Outlines requirements for locating the beneficiary of a deceased member.
 - Clarifies that it is the responsibility of the medical board to determine the proximate cause of death for a member killed in the line of duty if the death occurs more than one year after the date of injury.
- Requires the local boards to submit all documents that are submitted to them for action to the Board of Trustees.
- Waives the two-year requirement for transfer credit if the employee accepts a position with another employer in the plan.

SB 1117 – Chapter 87 – ASRS; administration

Enhances ASRS's accounts receivables collection authority. States that a debtor who fails to pay any monies owed to ASRS is liable for all costs and expenses incurred by ASRS to collect the monies owed. Provides the director of ASRS with subpoena power for the production of evidence to a financial institution for the purpose of identifying an account owner, co-owner, signatory, or other person who had access to the account after ASRS determines a debt is owed to the system, and permits ASRS to collect the debt by other means after all other avenues have been pursued.

SB 1119 – Chapter 88 – ASRS; spousal consent

Modifies ASRS's spousal consent provisions and addresses areas such as beneficiary designation, spousal waiver and consent, applicability, and appropriation. States that the new spousal consent statutes apply to members who retire, name, or change their beneficiary after July 1, 2013.

SB 1194 – Chapter 79 – ASRS; nonparticipatory employer; liabilities

Directs ASRS to allocate an employer liability that is no longer participating in ASRS if the employer changes from a public to a private entity or if an employer other than this state files for bankruptcy or otherwise dissolves, or is no longer participating in the system. Includes boards or commissions that change from public to private entities.

SB 1365 – Chapter 326 – free exercise of religion; contracts

Prohibits a government from denying, revoking, or suspending a professional or occupational license based on a person's exercise of religion and specifies a religious organization's rights when contracting for goods and services. Allows a religious organization to recover attorneys' fees and costs when its rights have been violated when contracting for goods and services.

SB 1441 – Chapter 86 [E] – residential construction; fall protection

Establishes a state standard for construction fall protection for residential construction employees. Requires each residential construction employee who is engaged in activities that are 15 or more feet above ground to be protected by guardrail systems, safety net systems, or personal fall systems except when an employer can demonstrate that it is impractical or creates a greater hazard. Employers engaged in residential construction activities six feet or more above low levels are required to prepare a written fall protection plan.